

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-327

May 18, 1998

SWAN'S ISLAND ELECTRIC COOPERATIVE, INC.	ORDER APPROVING
Application for Approval of	ISSUE OF SECURITIES AND
Issuance of Securities and Mortgage	MORTGAGE ON UTILITY
Bonds (35A-M.R.S.A. § 902, § 1101)(\$260,000)	PROPERTY

WELCH, Chairman; NUGENT and HUNT, Commissioners

On April 29, 1998 Swan's Island Electric Cooperative, Inc. (SIE or the Company) filed with the Commission an application for approval of the issuance of securities, through the Rural Utilities Service (RUS) for the purposes of maintaining and upgrading its distribution system. SIE proposes to borrow from RUS an amount not to exceed \$260,000 for 35 years at a rate of 5.0%. The loan will be secured by a first mortgage on all property owned by the Company. This Order approves SIE's request.

SIE will use the loan proceeds to improve system reliability and reduce costs by reducing line losses. SIE's planned system upgrades include the addition of new cables, transformers, regulators and the relocation of transformers, as well as ordinary replacements of items such as poles. SIE expects to draw down on the RUS funds over a 2 year period, paying interest only during this draw period, before the loan begins amortizing over a 33 year schedule.

Pursuant to an Amended Delegation Order dated January 9, 1996, in Docket No. 94-401, the Commission delegated to the Director of Finance pursuant to 35-A M.R.S.A. § 107 (4), the authority to grant the Approval of Stocks, Bonds and Notes by the Public Utilities Commission, Chapter 9, 35-A M.R.S.A., in those circumstances that involved the approval of Maine Municipal Bond Bank (MMBB), Rural Utilities Service (RUS), National Rural Utilities Cooperative Finance Corporation (CFC), Rural Telephone Bank (RTB) and CoBank, ACB (CoBank) financing applications by telecommunication and electric utilities. The approval of the Director of Finance shall be in the form of an Order, copies of which shall be maintained in the files of the office of the Administrative Director.

Having reviewed the application of the Company, together with data provided in support of it, it is the opinion of the Commission that the proceeds of the issuance of the securities are required in good faith for the purposes enumerated in 35-A M.R.S.A. § 901. In approving this securities issue, consistent with normal practice and pursuant to 35-A M.R.S.A. § 902(4), the Commission does not imply approval of the Company's capital needs, capital costs or capitalization ratio for rate making purposes, nor does this Order limit or restrict the powers of the Commission in determining or fixing any rate.

Accordingly, pursuant to the Amended Delegation Order dated January 9, 1996, in Docket No. 94-401, it is:

O R D E R E D

1. That Swan's Island Electric Cooperative, Inc. (SIE) is authorized to issue securities collateralized by a first mortgage interest on its utility property to the Rural Utilities Service (RUS), as set forth in its application, in a sum not to exceed \$260,000 to be used solely for the purposes described in its filing at a rate not to exceed 5.0%, with a final maturity not to exceed 35 years from the date of issuance.

2. That SIE report to the Director of Finance, in writing its doings pursuant to this Order within sixty (60) days of the date of closing of the loan.

3. That a copy of this Order be mailed to interested parties and this Docket be closed.

Dated at Augusta, Maine, this 18th day of May.

BY ORDER OF THE DEPUTY DIRECTOR OF FINANCE

Richard Kania
Deputy Director of Finance

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.